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GOVERNOR PENCE UNVEILS HIP 2.0 PLAN TO PROVIDE CONSUMER-DRIVEN HEALTH CARE COVERAGE FOR UNINSURED HOOSIERS

Plan includes preventive care incentives, health savings accounts

Indianapolis – Governor Mike Pence today announced his plans to advance private, market-based Medicaid reforms in Indiana. Pence unveiled HIP 2.0, a consumer-driven health care coverage program for low-income adults that builds on Indiana's history of consumer-driven health care and would replace traditional Medicaid for all non-disabled adults. HIP 2.0 adds choices for Hoosiers that further promote HIP's consumer-driven model, while providing new incentives for members to take personal responsibility for their health.

"Reforming traditional Medicaid is essential to creating better health outcomes and curbing the dramatic growth in Medicaid spending," said Governor Pence. "HIP 2.0 takes consumer-driven Medicaid reform to the next level by replacing traditional Medicaid for many in Indiana with a plan that empowers participants to take charge of their health and to be cost-conscious consumers."

Among its many innovations:

- HIP 2.0 introduces a new HIP Employer Benefit Link plan that supports participation in employer-sponsored insurance plans.
- It maintains and increases the Personal Wellness and Responsibility (POWER) account, modeled after a Health Savings Account, from which members would pay for medical services.
- It provides a new option for families to be covered by the same health plan.
- It facilitates linkages to employment services and rewards individuals for securing employment and moving off public assistance.

HIP 2.0 will be an option for Hoosiers ages 19 to 64 with incomes up to 138 percent of the federal poverty level, which for 2014 is approximately \$16,105 annually for an individual or \$32,913 for a family of four. It creates a benefit structure similar to commercial health insurance plans. HIP 2.0 will not raise taxes and will be fully funded through Indiana's existing cigarette tax revenue and Hospital Assessment Fee program, in addition to federal Medicaid funding.

HIP 2.0 incents Hoosiers with incomes below 138 percent of the federal poverty level to contribute to their POWER account by rewarding those who contribute with access to the HIP Plus plan, an enhanced benefit plan that covers dental and vision care. Individuals who do not make financial contributions will maintain coverage through the HIP Basic plan. The HIP Basic plan will provide all essential health benefits, but will not cover vision and dental care, provides a less generous pharmacy benefit, and will require copayments for all services. Members with incomes more than 100 percent of the poverty level would have access only to the HIP Plus plan and would be incented to make their contributions or risk losing access to the program.

"The modified design of HIP 2.0 maintains emphasis on the principles of personal responsibility and represents our continuing efforts in Indiana to find innovative, fiscally responsible ways to get people the care they need," said Debra Minott, Secretary of the Indiana Family and Social Services Administration. "All individuals in HIP will have incentives to get recommended preventive services and manage their POWER account funds appropriately."

Expanding the Healthy Indiana Plan will alleviate the coverage gap created by the Affordable Care Act (ACA). While there is no longer a waiting list for the Healthy Indiana Plan, HIP 2.0 also eliminates enrollment limitations in the current program. Also unlike traditional Medicaid, the Healthy Indiana Plan reimburses providers at 100 percent of the higher Medicare rates, ensuring more provider participation and leading to greater access to health care services. HIP 2.0 adds maternity benefits to the Healthy Indiana Plan program and removes annual and lifetime limits.

"There are two futures in health care – government-directed health care or consumer-driven health care," said Pence. "Indiana has chosen consumer-driven health care and intends to give eligible Hoosiers the power to make their own health care decisions through HIP 2.0."

More information about HIP 2.0, including the waiver itself, is available at www.HIP.in.gov. There will be a 30 day formal public notice and comment period during which Hoosiers can review the waiver and submit comments to the State. During the public comment period the State will conduct two separate formal public hearings that can be attended in-person or by phone or webcast.

